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## THE TAX INVOICE MANAGEMENT SYSTEM (“TIMS”)

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*Disclaimer: This Article does not form part of a Legal Opinion and is purely informative.*

### INTRODUCTION

The implementation of Electronic Tax Invoices pursuant to the Value Added Tax (Electronic Tax Invoice) Regulations, 2020 commenced on 1 August 2021.

On July 2021, the Kenya Revenue Authority (KRA) issued a public notice specifying that VAT registered taxpayers will be required to comply with the requirements of the VAT (Electronic Tax Invoice) Regulations by 31 July 2022. If a VAT registered taxpayer is unable to comply within the set timelines, an application may be made to the Commissioner for an extension of time to comply, which shall not be in excess of six (6) months.



## EXTENSION OF TIME

The application should be made before 30 June 2022; however, the approval of such application is solely at the discretion of the Commissioner. It is important that VAT registered taxpayers at the earliest opportunity ensure compliance by 31 July 2022.

## TAX INVOICE MANAGEMENT SYSTEM (“TIMS”)

For the purposes of implementation of the Regulations, KRA has adopted the use of the Tax Invoice Management System (TIMS) in order to enhance the current Electronic Tax Register (ETR) regime. VAT registered taxpayers will now be able to authenticate invoices and transmit information through the tax registers to KRA systems in real time.

## CESSATION OF NON-COMPLIANT “ETRS”

Another public notice issue by KRA in November 2021 informed ETR suppliers to cease supply of ETRs failing to comply with the Regulations from 15 January 2022.

For compliance with the Regulations, the VAT Registered taxpayer should obtain a compliant tax register from an approved ETR supplier. A list of KRA approved manufacturers and suppliers is [available here](#).

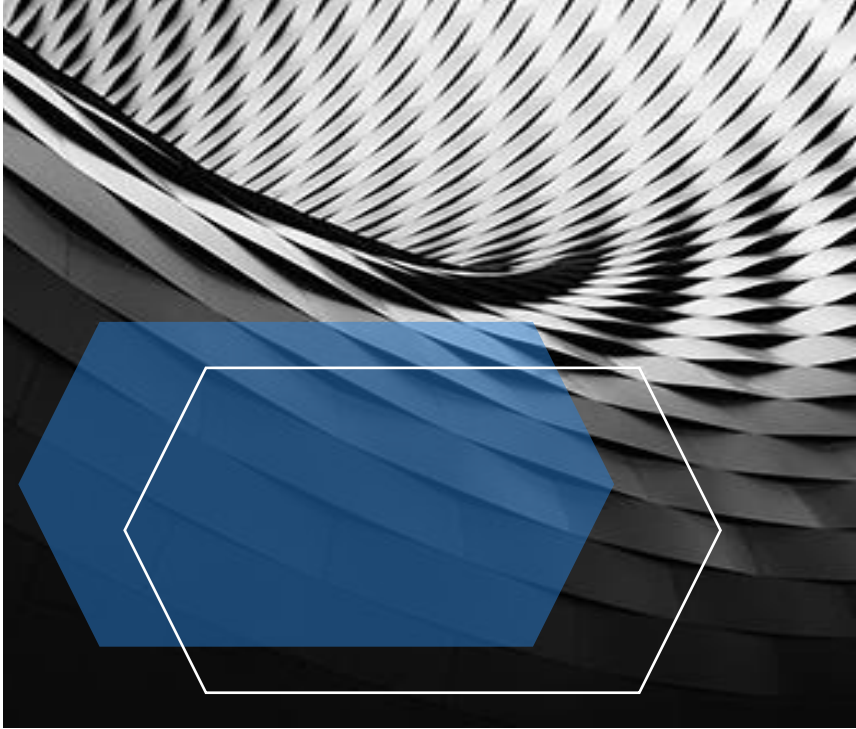
Approved manufacturers and suppliers have several ETR models categorized as follows:

Type A: for manual invoicing applicable to small business without accounting software;

Type B: for retail establishments i.e. supermarkets, restaurants etc. with point of sale (PoS) terminals;

Type C: for businesses with ERP systems and currently using Electronic Signature Device; and

Type D: for any business entity able to connect to ETRs, PoS or ERP.



## CONCLUSION

It is recommended that VAT registered taxpayers adopt TIMS as soon as practicable. Early adoption will facilitate the post implementation review process to confirm all relevant data is captured and the devices can transmit information to KRA before the mandatory date for compliance expires.

The VAT (Electronic Tax Invoice) Regulations 2020 can be accessed here:

<https://www.kra.go.ke/images/publications/L.N.-189---VAT-ELECTRONIC-TAX-INVOICE-REGULATIONS-2020.pdf>

We will publish any further updates.

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